

HEDGE FUNDS

Mr. SPECTER. Mr. President, earlier today the Judiciary Committee held a hearing on hedge funds and what is happening in that important area where we now find that we have an area in the securities field which involves some \$1.3 trillion, some 30 percent of the stock trading, and no regulation. The Judiciary Committee held hearings contemporaneously with the consideration of Sarbanes-Oxley and that legislates in the field to deal with criminal sanctions for insider trading violations. The issue which we took up in some detail in the Judiciary Committee today involves allegations that there was insider trading, a matter yet to be resolved. But out of the Judiciary Committee inquiry, draft legislation has been circulated which has three very important provisions.

First of all, on criminal jurisdiction there are Federal decisions which have precluded the Department of Justice from collaborating with the Securities and Exchange Commission. The draft legislation which has been circulated would authorize that. There is no reason the SEC and the Department of Justice should not be able to collaborate when they find evidence of criminal conduct to act to prosecute.

The second provision of the draft legislation would authorize more compensation for whistleblowers. The fact is, the SEC is doing very little by way of encouraging whistleblowers to bring forward insider information and to stop insider trading. The legislation would authorize the Attorney General to provide for compensation up to 30 percent for whistleblowers from a penalty, fines or settlement, and also protection for the whistleblowers.

The third provision in the draft legislation which has been circulated would provide for regulations on small investors who do not have the sophistication to conduct due diligence and also for pension funds which are invested in hedge funds.

The testimony of the attorney general from Connecticut, Richard Blumenthal today went into some detail about how the failure of Amaranth recently, which amounted to some \$6.5 billion, touched pension funds and many of the small investors.

We have circulated this legislation, and we will be asking for comments. I thought I would describe it very briefly this afternoon. It will be introduced formally as soon as we have had an opportunity to get comments from interested parties.

(The remarks of Mr. SPECTER pertaining to the introduction of S. 4081 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. ISAKSON). The Senator from West Virginia.

APPROPRIATIONS FAILURE

Mr. BYRD. Mr. President, one of Congress's most fundamental duties is

to make careful choices about how to spend the taxpayers' dollars. We are now over 67 days into the fiscal year. The Senate has passed only 3 of the 12 appropriations bills. Only two of the bills have been signed into law. The operations of government for 13 of the 15 executive branch Cabinet departments are being funded by a very restrictive continuing resolution. This dismal performance is not the result of the work of the Committee on Appropriations. The Committee on Appropriations did its work and on a bipartisan basis reported all 12 of its bills by July 26. Chairman COCHRAN did an outstanding job in leading the committee. Yet the appropriations process, once again, has fallen victim to politics.

Before the November election, the Senate majority leadership decided that the Senate should not be given an opportunity to debate critical issues facing the Nation, so 8 of the 12 bills never came before the Senate. When it comes to the funding bills for domestic agencies, with the exception of Homeland Security, the majority leadership—and I say this respectfully—is apparently satisfied with a mindless continuing resolution. When it comes to the education of our children, the health of our elderly citizens, the ability of our deteriorating infrastructure to sustain a growing economy, the majority leadership apparently wants no debate, just a rubberstamp of a formula-based continuing resolution for 13 of the 15 departments.

The majority leadership made a specific choice to delay bringing the domestic appropriations bills to the floor because it wished to avoid an open debate in the Senate about many issues confronting Americans in their daily lives.

The President submitted a budget for domestic programs that cut funding by \$14 billion below the level necessary to keep pace with inflation. The President's proposal to increase fees on our veterans for their health care is indefensible. The White House proposed cuts in education and in programs to fight crime. The President's budget is not sustainable. Yet behind closed doors the majority leadership inserted an \$872.8 billion cap on spending at the level proposed by the President's budget. This was done by jamming a cap on spending in an unamendable conference report intended to provide disaster relief for the victims of Hurricane Katrina and to fund the efforts of our troops serving heroically in Iraq and Afghanistan.

To avoid debate on the domestic appropriations bills, the Senate majority leadership kept the Senate operating at a snail's pace all summer. In July, the Senate had rollcall votes on just 9 days. In August, we voted on only 3 days. How about that? In September, we had votes on just 10 days. So in the 3 months in which the Senate should have been in overdrive to finish the appropriations bills, we had votes on only 22 days. That is a pathetic, a sorry performance.

Why? Apparently the majority wants to avoid debate about its broken promises concerning the No Child Left Behind Act. The President's budget proposed the largest cut to education funding in the 26-year history of the Education Department—a \$2.1 billion or 4 percent reduction. This is a nonsensical squandering of the future of our children, the American people's children.

The Labor, HHS, and Education appropriations bill underfunds the title I program, the cornerstone of the No Child Left Behind Act, by a whopping \$12.3 billion. Rather than increasing funding to meet this commitment, the bill freezes funding for this program. As a result, this bill leaves behind 3.7 million students who could be fully served by title I if the program were funded at the level promised by the No Child Left Behind Act. I offered an amendment in the committee markup to increase title I funding by \$6.1 billion, half of this year's shortfall. What happened? The Republican majority rejected it. Was the Senate, the full Senate, given an opportunity to debate the need to invest in the education of our children? No. Let me repeat: Was the Senate given an opportunity—I am talking about the whole Senate, the full Senate—to debate the need to investigate the education of the country's children? No.

In June, the FBI released its violent crime figures. The FBI found that murders in the United States jumped 4 percent last year, and overall violent crime was up by 2.5 percent for the year, the largest annual increase in crime since 1991. Yet what happened? The President proposed to cut law enforcement grants to State and local governments by \$1.2 billion and to eliminate the COPS hiring program. Was the Senate given an opportunity to debate how best to respond to the largest annual increase in crime in 15 years? No.

On July 19, the Commissioner of Social Security wrote to me a letter in which she stated that the level of funding in the Labor-HHS bill "would require employee furloughs of approximately 10 days Agency-wide." That is what she said: "would require employee furloughs of approximately 10 days Agency-wide." Has the Senate, the full Senate, the 100 Members of the Senate, had a chance to debate whether our elderly citizens want long lines at our Social Security offices? No.

The Environmental Protection Agency projects that our communities need in excess of \$200 billion for clean and safe drinking water systems. Yet the Interior appropriations bill would cut funding from a level of \$1.1 billion in fiscal year 2005 to \$687 million in fiscal year 2007, a cut of 38 percent. Has there been any debate in the Senate about the need for safe and clean drinking water in our communities? Has there? The answer is no.

If there is one lesson we all should have learned from Hurricane Katrina,